

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

2 Nov 13

CAN YOU AFFORD



"PROFITABLE WAITING?"

PROFITABLE WAITING IS EASIER NOW . . .

Crop insurance provides all wheat growers with better facilities for profitable waiting than were available to these farmers.

For one thing, these farmers had to pay their own storage costs. Today the Federal Crop Insurance Corporation will pay the storage costs on the premiums which eventually pay the crop losses for insured wheat growers.

Again these farmers had only individual reserves to draw upon if crop failure came. These reserves probably would have been depleted with one serious crop failure. If crop failure came for 2 successive years, as it frequently does, the reserves very likely would not have covered the losses. The group reserve of the Federal Crop Insurance Corporation will meet successive crop failures.

SURPLUS AND WHEAT INCOME

A wheat grower's income depends on two things: How much wheat he has to sell, and what price he gets for it. In other words, his returns depend on how much he sells and when he sells it.

When a wheat grower pays a premium for crop insurance, he has improved his prospects in two respects. He has, first of all, assured himself of wheat to sell next harvest. Secondly,

IN 1931 a few wheat farmers did some profitable waiting with the result that they made their big crop do more work for them.

The year 1931 brought one of the biggest wheat crops in the history of this country. Wheat-growing States poured abundant yields onto the market. Prices for wheat were down. Most wheat was sold at an average of 39 cents a bushel that year.

But these few farmers could afford to wait for better prices. They had storage space and they did not need to turn all their wheat into ready cash. They held some of it 2 and 3 years. When they did sell it, they got nearly double the 1931 price. That is one way of making your big crops work for you instead of against you.

he has definitely removed from the market an amount of wheat equivalent to his premium.

Holding surpluses off the market helps the wheat price. Wheat premiums are held off the market until they are paid out to meet crop losses. The premiums, when paid by a large number of wheat growers, perform a dual service. They tend to help wheat prices in addition to guaranteeing insured wheat farmers that they will have wheat to sell every year, regardless of crop failure.

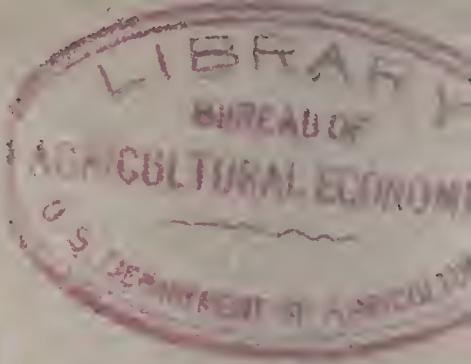
THIS IS A GOOD YEAR FOR WAITING

This is a surplus year for wheat. It is a good time to put a part of your crop to work guarding you against the possibility of crop failure in future years.

This may be illustrated by citing what would have happened if wheat crop insurance had been in effect in the 6 crop years 1930-35. In the first 3 years farmers would have paid in more premiums than needed to pay losses. They would have paid in cheap, surplus wheat. During the next 3 years crop failure took a heavy toll, and the growers would have received more in insurance indemnities than they paid in as premiums. Because the crops were short, prices were higher. If half the wheat growers had been insured during this period, it is estimated they would have increased their buying power by approximately \$40,000,000.

The prospects for profitable waiting are good this year. The facilities for profitable waiting also are good.

The **FEDERAL CROP INSURANCE** program offers an outlet for surplus wheat, of which there is plenty now. The **AAA** wheat program offers loans on wheat stored on the farm. Both serve to bring better prices for big crops.



1
C 881
[No. 1]

SEP 12 1939

YOU CAN NOW make waiting profitable. You can now make your wheat-farming operations a reliable source of income. Get more information on crop insurance from your local AAA county committeemen or write direct to—

**The
FEDERAL CROP INSURANCE CORPORATION**
An Agency of the
U. S. Department of Agriculture
Washington, D. C.

FCI—Information—1

U. S. GOVERNMENT PRINTING OFFICE

8—13102

Issued May 1939

